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GS Yuasa Corp v GBI Marketing Malaysia Sdn Bhd

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HIGH COURT (KUALA LUMPUR) — ORIGINATING SUMMONS NO 24IP-48–12 OF 2015
WONG KIAN KHEONG JC
2 NOVEMBER 2016

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Companies and Corporations — Lifting of corporate veil — Piercing of corporate veil — Conditions to be satisfied for piercing corporate veil — Use of separate legal entity to commit fraud in obtaining trademark registration — Whether corporate veil to be pierced to show that both companies constituted one single corporate entity

D

Evidence — Documents — Redactment of document — Redactment of document without leave of court — Redactment of document without leave of court

E

Evidence — Presumptions — Adverse inference — Whether redactment of quantities and prices from invoices entitled invocation of adverse inference — Whether redacted information relevant to issues arising in suit — Whether suppression of material evidence — Evidence Act 1950 s 114(g)

F

Trade Marks — Application to expunge from register — Registered mark — Whether plaintiff a person aggrieved by the defendant's trademark — Whether registration of defendant's trademark obtained by fraud — Whether use of defendant's trademark on defendant's goods likely to deceive or confuse public — Whether defendant's trademark distinctive of defendant's goods — Whether defence of use of a substantially identical trademark applicable — Presumption of validity of registration of trademark valid for more than seven years from date of original registration — Whether exceptions to validity applicable — Trade Marks Act 1976 ss 14(1)(a), 36, 37(a), (b), (c), 40(1)(f) & 45(1)(a)

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The plaintiff applied to expunge from the Register of Trademarks ('register') the defendant's trademark ('TM') for goods in Class 9 ('the defendant's TM'). The plaintiff had used the trademark, 'GS' ('the plaintiff's TM'). The plaintiff was a joint venture between Japan Storage Battery Co Ltd ('JSB') and Yuasa Corp ('YC'). The plaintiff's TM was coined by the adoption of the first alphabets of the name of JSB's founder. The plaintiff claimed that since 1960s' JSB was the first user of the plaintiff's TM in Malaysia when JSB's subsidiary located in Thailand, Siam GS Battery Co Ltd ('Siam GS'), sold the plaintiff's storage batteries bearing the plaintiff's TM for cars and motorbikes to a

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Malaysian distributor. Siam GS's invoices which had been exhibited in the plaintiff's affidavit ('Siam GS's invoices') had been redacted by the plaintiff in respect of the quantities and the prices. According to the plaintiff, the defendant was part of an 'international conspiracy' which fraudulently applied for and obtained registration of trademarks in Malaysia and Indonesia for storage batteries which were deceptively and/or confusingly similar to the plaintiff's TM. The defendant's TM was registered on 18 April 2005 by Osima Batteries Ind Sdn Bhd ('OBI'). The defendant's TM was later assigned and transferred by OBI to the defendant by way of an assignment ('the assignment'). The defendant claimed that the defendant's TM was different from the plaintiff's TM visually and phonetically. Hence, the defendant claimed that there was no likelihood of deception or confusion to the public in respect of the use of the defendant's TM. It was also contended that the defendant's TM was distinctive of the defendant's goods. The following issues, inter alia, arose for determination: (a) whether the plaintiff was a 'person aggrieved' by the defendant's TM under s 45(1)(a) of the Trade Marks Act 1976 ('the TMA') so as to entitle the plaintiff to file the present originating summons ('OS'); (b) whether the plaintiff could expunge the defendant's TM on the following grounds: (i) whether the original registration of the defendant's TM by OBI had been obtained by fraud under s 37(a) of the TMA; (ii) whether the use of the defendant's TM on the defendant's goods was likely to deceive and/or confuse the public under s 14(1)(a) read with s 37(b) of the TMA so as to give the false impression to the public that the defendant's goods originated from or was associated with the plaintiff; and (iii) whether the defendant's TM on the date of the filing of the OS (2 December 2015) was distinctive of the defendant's goods as understood in s 37(c) the TMA; (c) whether the court should draw an adverse inference under s 114(g) of the Evidence Act 1950 ('the EA') against the plaintiff for refusing to disclose information regarding the pricing of the plaintiff's goods; and (d) whether the defendant could oppose the OS by relying on the defence of the use of a substantially identical defendant's TM as provided in s 40(1)(f) of the TMA.

Held, allowing the application with costs and expunging the defendant's TM from the register:

(1) The plaintiff had the legal burden to prove that the plaintiff was a 'person aggrieved' by the defendant's TM within the meaning of s 45(1)(a) of the TMA. The plaintiff was a 'person aggrieved' by the defendant's TM under s 45(1)(a) of the TMA (see para 14).

(2) The person who has used a trademark in the course of trade for the first time in Malaysia ('first user') is the common law proprietor of the trademark and is thereby entitled to apply for the registration of the trademark under s 25(1) of the TMA. The plaintiff had the legal burden to prove on a balance of probabilities that the plaintiff was the first user of

the plaintiff's TM. The plaintiff succeeded in proving on a balance of probabilities that the plaintiff was the first user of the plaintiff's TM (see paras 19–21).

(3) According to s 36 of the TMA, the fact that the defendant was registered as the owner of the defendant's TM, shall be prima facie evidence of the validity of the original registration of the defendant's TM. More importantly, the defendant's TM had been valid for more than seven years from the date of its original registration and this attracted the application of s 37 of the TMA wherein the defendant's TM shall be taken to be valid unless the plaintiff could prove any one or more of the three exceptions in s 37(a), (b) or (c) of the TMA (see para 22).

(4) The corporate veil of OBI and the defendant was lifted to show that both companies constituted one single corporate entity. Upon the lifting of the corporate veil of OBI and the defendant, both companies were considered as one single corporate entity (see paras 31–32).

(5) The plaintiff succeeded in proving on a balance of probabilities that the original registration of the defendant's TM on 18 April 2005 had been obtained by fraud on the registrar under s 37(a) of the TMA. The assignment was a sham (see para 35).

(6) The plaintiff bore the legal burden to prove that there was a real likelihood of deception or confusion of the public regarding the use of the defendant's TM. The plaintiff succeeded in discharging the legal burden to prove on a balance of probabilities that the use of the defendant's TM on the defendant's products was likely to deceive and/or confuse the public to think erroneously that the defendant's goods originated from or was associated with the plaintiff (see paras 36 & 38).

(7) The plaintiff succeeded in proving that the defendant's TM offended s 14(1)(a) of the TMA and should be removed pursuant to s 37(b) read with s 45(1)(a) of the TMA (see para 39).

(8) The plaintiff had the legal burden to prove on a balance of probabilities that the defendant's TM was not distinctive of the defendant's goods on 2 December 2015 (the date of the filing of the OS) as understood in s 37(c) of the TMA. The defendant should adduce documentary evidence of the use of the defendant's TM in the course of trade in Malaysia so as to distinguish the defendant's goods bearing the defendant's TM from other goods. The plaintiff succeeded in discharging the legal burden to prove on a balance of probabilities that the defendant's TM was not distinctive of the defendant's goods on 2 December 2015 (see paras 45–46).

(9) A party should not redact a document without leave of court. The redacted information concerned quantities and prices of the sales of the

plaintiff's goods. Such information was not relevant to the issues which arose in this OS. Hence, there could not be any room to invoke an adverse inference under s 114(g) of the EA against the plaintiff in respect of the redacted information. The court can only draw an adverse inference under s 114(g) of the EA against a party if that party has suppressed material evidence (see paras 48–49).

(10) The defendant could not refer to s 40(1)(f) of the TMA as a ground to oppose the OS because paras (a)–(f) in s 40(1) of the TMA only provide for defences in an action for an infringement of a registered trademark. The OS was not a trademark infringement suit wherein the defendant could rely on s 40(1)(f) of the TMA (see para 50).

[Bahasa Malaysia summary

Plaintif telah memohon untuk dikeluarkan daripada Daftar Tanda Niaga ('daftar') tanda niaga defendan ('TN') untuk barangan dalam Kelas 9 ('TN defendan'). Plaintif telah menggunakan tanda niaga, 'GS' ('TN plaintif'). Plaintif merupakan usahasama antara Japan Storage Battery Co Ltd ('JSB') dan Yuasa Corp ('YC'). TN plaintif dicipta oleh penggunaan huruf pertama nama pengasas JSB. Plaintif mendakwa bahawa sejak 1960an JSB ialah pengguna pertama TN plaintif di Malaysia apabila subsidiari JSB yang terletak di Thailand, Siam GS Battery Co Ltd (Siam GS), telah menjual bateri simpanan plaintif yang mempunyai TN plaintif untuk kereta dan motorsikal kepada pengedar Malaysia. Invois-invois Sian GS yang diekshibitkan dalam afidavit plaintif ('invois Siam GS') telah disunting oleh plaintif berkenaan dengan kuantiti dan harga. Menurut plaintif, defendan merupakan sebahagian daripada an 'international conspiracy' yang secara palsu telah memohon untuk dan memperoleh pendaftaran tanda niaga di Malaysia dan Indonesia untuk bateri simpanan yang memperdaya dan/atau mengelirukan sebagai sama dengan TN plaintif. TN defendan telah didaftarkan pada 18 April 2005 oleh Osim Batteries Ind Sdn Bhd ('OBI'). TN defendan kemudian teleh diserahhak dan dipindahkan oleh OBI kepada defendan melalui penyerahhakan ('penyerahhakan tersebut'). Defendan mendakwa bahawa TN defendan adalah berbeza daripada TN plaintif secara visual dan sebutan. Justeru, defendan mendakwa bahawa tidak terdapat kemungkinan penipuan atau kekeliruan kepada pihak awam berkaitan penggunaan TN defendan. Ia juga dihujahkan bahawa TN defendan berbeza daripada barangan defendan. Isu-isu berikut, antara lain, timbul untuk ditentukan: (a) sama ada plaintif seorang 'person aggrieved' oleh TN defendan di bawah s 45(1)(a) Akta Tanda Niaga 1976 ('ATN') untuk memberi hak kepada plaintif memfailkan saman pemula ini ('SP'); (b) sama ada plaintif boleh mengeluarkan TN defendan atas alasan berikut: (i) sama ada pendaftaran asal TN defendan oleh OBI telah diperoleh melalui fraud di bawah s 37(a) ATN; (ii) sama ada penggunaan TN defendan ke atas barangan defendan berkemungkinan menipu dan/atau mengelirukan pihak awam di bawah s 14(1)(a) dibaca bersama s 37(b) ATN sehingga

memberi gambaran palsu kepada pihak awam bahawa barangan defendan berasal daripada atau berkait dengan plaintif; dan (iii) sama ada TN defendan pada tarikh memfailkan SP (2 Disember 2015) adalah berbeza daripada barangan defendan seperti yang difahami dalam s 37(c) ATN; (c) sama ada mahkamah patut membuat inferens bertentangan di bawah s 114(g) Akta Keterangan 1950 ('AK') terhadap plaintif kerana enggan mendedahkan maklumat berkenaan harga barangan plaintif; dan (d) sama ada defendan boleh membantah SP dengan bergantung kepada pembelaan berhubung penggunaan TN defendan yang serupa sepertimana diperuntukkan dalam s 40(1)(f) ATN.

Diputuskan, membenarkan permohonan dengan kos dan mengeluarkan TN defendan daripada daftar:

(1) Plaintif mempunyai beban undang-undang untuk membuktikan bahawa plaintif seorang 'person aggrieved' oleh TN defendan dalam maksud s 45(1)(a) ATN. Plaintif adalah seorang 'person aggrieved' oleh TN defendan di bawah s 45(1)(a) ATN (lihat perenggan 14).

(2) Seorang yang menggunakan tanda niaga sepanjang perniagaan bagi kali pertama di Malaysia ('pengguna pertama') adalah pemilik common law tanda niaga itu dan dengan itu berhak untuk memohon bagi pendaftaran tanda niaga itu di bawah s 25(1) ATN. Plaintif mempunyai beban undang-undang untuk membuktikan atas imbangan kebarangkalian bahawa plaintif adalah pengguna pertama TN plaintif. Plaintif berjaya dalam membuktikan atas imbangan kebarangkalian bahawa plaintif adalah pengguna pertama TN plaintif (lihat perenggan 19–21).

(3) Menurut s 36 ATN, fakta bahawa defendan telah didaftarkan sebagai pemilik TN defendan, hendaklah menjadi keterangan prima facie tentang kesahan pendaftaran asal TN defendan. Lebih penting lagi, TN defendan adalah sah lebih dari tujuh tahun dari tarikh pendaftaran asalnya dan ini menarik permohonan s 37 ATN di mana TN defendan hendaklah dianggap sah kecuali jika plaintif boleh membuktikan mana-mana satu atau lebih daripada tiga pengecualian dalam s 37(a), (b) atau (c) TN (lihat perenggan 22).

(4) Tabir korporat OBI dan defendan diangkat untuk menunjukkan bahawa kedua-dua syarikat membentuk satu entiti korporat. Setelah mengangkat tabir korporat OBI dan defendan, kedua-dua syarikat dianggap sebagai satu entiti korporat (lihat perenggan 31–32).

(5) Plaintif telah berjaya membuktikan atas imbangan kebarangkalian bahawa pendaftaran asal TN defendan pada 18 April 2005 telah diperoleh melalui fraud atas pendaftar di bawah s 37(a) ATN. Penyerahhakan itu adalah palsu (lihat perenggan 35).

(6) Plaintif mempunyai beban undang-undang untuk membuktikan

terdapat kemungkinan sebenar penipuan atau kekeliruan pihak awam berkaitan penggunaan TN defendan. Plaintif berjaya melepaskan beban undang-undang untuk membuktikan atas imbangan kebarangkalian bahawa penggunaan TN defendan atas produk defendan berkemungkinan menipu dan/atau mengelirukan pihak awam untuk berfikir secara salah bahawa barangan defendan berasal atau berkaitan dengan plaintif (lihat perenggan 36 & 38).

(7) Plaintif berjaya membuktikan bahawa TN defendan telah melanggar s 14(1)(a) ATN dan patut dikeluarkan menurut s 37(b) dibaca bersama s 45(1)(a) ATN (lihat perenggan 39).

(8) Plaintif mempunyai beban undang-undang untuk membuktikan atas imbangan kebarangkalian bahawa TN defendan tidak berbeza dengan barangan defendan pada 2 Disember 2015 (tarikh memfailkan SP) seperti difahami dalam s 37(c) ATN. Defendan hendaklah mengemukakan keterangan dokumentar berhubung penggunaan TN defendan sepanjang berniaga di Malaysia untuk membezakan barangan defendan yang mempunyai TN defendan daripada barangan lain. Plaintif berjaya melepaskan beban undang-undang untuk membuktikan atas imbangan keberangkalian bahawa TN defendan tidak berbeza dengan barangan defendan pada 2 Disember 2015 (lihat perenggan 45–46).

(9) Satu pihak tidak patut menyunting suatu dokumen tanpa kebenaran mahkamah. Maklumat yang disunting adalah berkenaan kuantiti dan harga jualan barangan plaintif. Maklumat tersebut tidak relevan kepada isu-isu yang timbul dalam SP ini. Justeru, tiada ruang untuk menggunakan inferens bertentangan di bawah s 114(g) AK terhadap plaintif berkaitan maklumat yang disunting itu. Mahkamah hanya boleh membuat inferens bertentangan di bawah s 114(g) AK terhadap satu pihak jika pihak tersebut telah menyembunyikan keterangan penting (lihat perenggan 48–49).

(10) Defendan tidak boleh merujuk kepada s 40(1)(f) ATN sebagai alasan untuk membantah SP itu kerana perenggan (a)–(f) dalam s 40(1) ATN hanya memperuntukkan pembelaan dalam tindakan untuk pelanggaran tanda niaga berdaftar, SP itu bukan guaman pelanggaran tanda niaga di mana defendan boleh hanya bergantung pada 40(1)(f) ATN (lihat perenggan 50).]

Notes

For cases on adverse inference, see 3(2) *Mallal's Digest* (5th Ed, 2015) paras 2650–2652.

For cases on piercing of corporate veil, see 3(1) *Mallal's Digest* (5th Ed, 2015) paras 525–526.

For cases on registered mark, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2603–2604.

Cases referred to

Acushnet Company v Metro Gold Manufacturing Sdn Bhd [2006] MLJU 412; [2006] 7 CLJ 557, HC (refd)
Aristoc Ltd v Rysta Ltd & Another [1945] 1 All ER 34, HL (refd)
Atlas Maritime Co SA v Avalon Maritime Ltd; The Coral Rose (No 1) [1991] 4 All ER 769, CA (refd)
Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading) [2006] 6 MLJ 445; [2006] 3 CLJ 393, CA (refd)
Cargill Incorporated v Pendaftar Cap Dagangan [2014] 9 MLJ 99, HC (refd)
Consitex SA v TCL Marketing Sdn Bhd [2008] 3 MLJ 574; [2008] 8 CLJ 444, HC (refd)
ELBA SpA v Fiamma Sdn Bhd [2008] 3 MLJ 713, HC (refd)
Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor [2015] 6 MLJ 449; [2015] 9 CLJ 537, FC (folld)
Guan Teik Sdn Bhd v Haji Mohd Noor Hj bin Yakob & Ors [2000] 4 MLJ 433; [2000] 4 CLJ 324, CA (refd)
Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors (on their behalf and for the 213 sub-purchasers of plots of land known as PN35553, Lot 9108, Mukim Hutan Melintang, Hilir Perak) and other appeals [2015] 1 MLJ 773, FC (folld)
Hai-O Enterprise Bhd v Nguang Chan [1992] 2 CLJ Rep 436, HC (refd)
Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener) [2015] 4 MLJ 166; [2015] 4 CLJ 20, FC (refd)
Huan Schen Sdn Bhd v Sram, LLC [2016] MLJU 429; [2016] AMEJ 1724, HC (refd)
KTL Sdn Bhd & Anor v Leong Oow Lai [2014] MLJU 1405; [2014] AMEJ 1458, HC (refd)
Ladislas Jellinek, Re (1946) 63 RPC 59, HC (refd)
LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd [2012] 4 MLJ 20; [2012] 3 CLJ 661, FC (refd)
Luk Lamellen Und Kupplungsbau Gmbh v South East Asia Clutch Industries Sdn Bhd [1997] 2 MLJ 724, HC (refd)
MI & M Corporation & Anor v A Mohamed Ibrahim [1964] 1 MLJ 392, FC (folld)
McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749, FC (refd)
Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party) [2015] 6 MLJ 465, FC (refd)
Microsoft Corporation v Yong Wai Hong [2008] 3 MLJ 309, CA (refd)
Munusamy v PP [1987] 1 MLJ 492, SC (refd)
Pianotist Co Ltd, Re (1906) 23 RPC 774, HC (refd)
Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors [2004] 4

MLJ 358; [2004] 3 CLJ 815, CA (refd)
Sinnaiyah & Sons Sdn Bhd v Damai Setia Sdn Bhd [2015] 5 MLJ 1; [2015] 7 CLJ 584, FC (refd)
Solavoid Trade Mark [1977] RPC 1, PC (refd)
Solid Investments Ltd v Alcatel-Lucent (M) Sdn Bhd (previously known as Alcatel Network Systems (M) Sdn Bhd) [2014] 3 MLJ 785; [2014] 3 CLJ 73, FC (folld)
Tan Guan Eng v Ng Kweng Hee & Ors [1992] 1 MLJ 487, HC (refd)
The Coca-Cola Co of Canada Ltd v Pepsi-Cola Co of Canada Ltd (1942) 59 RPC 127, PC (consd)
Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504, HC (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, SC (refd)
Tokai Corporation v DKSH Malaysia Sdn Bhd [2016] MLJU 621, HC (refd)
X1R Global Holding Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd [2016] MLJU 1249; [2016] 5 MLRH 41, HC (refd)
Yong Sze Fan & Anor v Sharifah binti Mohd Tamin & Ors [2008] 7 MLJ 803, HC (refd)

Legislation referred to

Evidence Act 1950 s 114(g)
Trade Marks Act 1976 ss 14(1)(a), 19, 25(1), 36, 37, 37(a), (b), (c), 40(1)(a), (1)(b), (1)(c), (1)(d), (1)(e), (1)(f), 45(1)(a)
Trade Marks Regulations 1997 regs 4(1), 18(1), Second Schedule, Form TM5

Brian Law Yew Foo (Wong & Partners) for the plaintiff.
Soh Chien Hao (Zailan & Co) for the defendant.

Wong Kian Kheong JC:

A. INTRODUCTION

[1] In this originating summons ('OS'), the plaintiff company ('the plaintiff') applied to expunge the trademark with the registration No 05005790 for goods in Class 9 ('the defendant's registered trademark') in the name of the defendant company ('the defendant') from the Register of Trademarks ('the register'). The defendant's registered trademark is annexed as Annexure A to this judgment.

[2] The plaintiff has used the trademark, 'GS' ('the plaintiff's trademark'). Additionally, the plaintiff has the following two trademarks registered in its name:

(a) trademark with the registration No 98013472 for goods in Class 9 ('the plaintiff's first registered trademark'). The plaintiff's first registered trademark is annexed as Annexure B to this judgment; and

(b) trademark with the registration No 00005524 for goods in Class 9 ('the plaintiff's second registered trademark'). The plaintiff's second registered trademark is annexed as Annexure C to this judgment.

The plaintiff's first and second registered trademarks are collectively referred in this judgment as the plaintiff's registered trademarks.

B. ISSUES

[3] The following issues, among others, arise in this OS:

(a) whether the plaintiff who has the plaintiff's registered trademarks and the plaintiff's trademark, is a 'person aggrieved' by the defendant's registered trademark under s 45(1)(a) of the Trade Marks Act 1976 ('the TMA') so as to entitle the plaintiff to file this OS;

(b) whether the plaintiff can expunge the defendant's registered trademark on the following grounds:

(i) whether the original registration of the defendant's registered trademark by Osima Batteries Ind Sdn Bhd ('OBI') had been obtained by fraud under s 37(a) of the TMA;

(ii) whether the use of the defendant's registered trademark on the defendant's goods is likely to deceive and/or confuse the public under s 14(1)(a) read with s 37(b) of the TMA so as to give the false impression to the public that the defendant's goods originate from or is associated with the plaintiff; and

(iii) whether the defendant's registered trademark on the date of the filing of this OS (2 December 2015), was distinctive of the defendant's goods as understood in s 37(c) of the TMA;

(c) in deciding this OS, should this court give any weight to the decision dated 21 January 2015 of the Supreme Court of the Republic of Indonesia ('Indonesian Supreme Court's decision') which has allowed the plaintiff to expunge a trademark similar to the defendant's registered trademark in Indonesia;

(d) whether this court should draw an adverse inference under s 114(g) of the Evidence Act 1950 ('the EA') against the plaintiff for refusing to disclose information regarding the pricing of the plaintiff's goods; and

(e) whether the defendant can oppose this OS by relying on the defence of the use of a substantially identical defendant's registered trademark as

provided in s 40(1)(f) of the TMA.

C. THE PLAINTIFF'S CASE

[4] The plaintiff is a joint venture between two old Japanese companies in 2004, namely:

(a) Japan Storage Battery Co Ltd ('JSB'); and

(b) Yuasa Corp ('YC').

[5] The plaintiff:

(a) is a public listed company in Japan;

(b) is in the business of researching, developing, manufacturing, exporting, distributing, supplying, selling and offering for sale, a wide range of batteries for various applications;

(c) is one of the largest battery manufacturers in the world which employs about 13,560 employees and generates about ¥349 billion for the financial year of 2014; and

(d) has manufacturing plants and sales offices in 16 countries.

[6] JSB's founder, Mr Genzo Shimadzu ('GS'), started to manufacture Japan's first lead-acid storage battery in 1895. Since then, JSB expanded its production and business to include, among others, automotive storage batteries (in 1919), glass mercury rectifiers (in 1933), alkaline batteries (in 1938), ultra-high pressure mercury lamps (in 1940) and lithium-ion batteries (in 1993).

[7] According to the plaintiff's first affidavit ('the plaintiff's first affidavit') affirmed by Mr Yoshiaki Matsuda ('YM'), the assistant manager of the Intellectual Property Division for GS Yuasa International Ltd, a wholly owned subsidiary of the plaintiff:

(a) the plaintiff's trademark was coined by the adoption of the first alphabets of the name of JSB's founder, GS;

(b) the plaintiff's trademark was first used in Japan in relation to the plaintiff's storage batteries in 1908;

(c) through the years, JSB had created extensions and/or variations of the plaintiff's trademark for use in Japan and worldwide; and

(d) after the merger of JSB and YC, the plaintiff decided to use the name of 'GS YUASA' as its corporate name which represents a combination of the plaintiff's trademark and the corporate name of YC (YUASA).

[8] The plaintiff's first affidavit averred, among others, as follows: A

(a) since 1960s, JSB was the first user of the plaintiff's trademark in Malaysia when JSB's subsidiary located in Thailand, Siam GS Battery Company Ltd ('Siam GS'), sold the plaintiff's storage batteries bearing the plaintiff's trademark for cars and motorbikes to a Malaysian distributor, Syarikat Winsome Battery ('Winsome'), based in Kuala Lumpur. Siam GS's invoices which had been exhibited in the plaintiff's first affidavit ('Siam GS's Invoices'), had been redacted by the plaintiff in respect of the quantities and the prices; B

(b) besides Winsome, from 1970s until now, Siam GS also sold the plaintiff's products bearing the plaintiff's trademark to motorbike assemblers, manufacturers and/or dealers in Malaysia, namely: C

(i) Makenta Engineering Sdn Bhd ('Makenta'); and

(ii) Hong Leong Yamaha Motor Sdn Bhd ('Hong Leong'); D

(c) for the East Malaysian market, JSB's subsidiary in Indonesia, PT GS Battery, through its distributor, PT Astra Otoparts ('PT Astra'), exported and supplied the plaintiff's products bearing the plaintiff's trademark to various customers in East Malaysia. PT Astra's invoices which had been exhibited in the plaintiff's first affidavit ('PT Astra's invoices') had been redacted by the plaintiff in respect of the quantities and the prices; E

(d) JSB has exported and sold directly the plaintiff's products bearing the plaintiff's trademark to Malaysian car manufacturers or assemblers, such as UMW Engineering Sdn Bhd; F

(e) JSB through its affiliated company in Malaysia, Yuasa Battery (M) Sdn Bhd, has sold batteries bearing the plaintiff's trademark to Tan Chong Assemblers Sdn Bhd;

(f) the plaintiff's first and second registered trademarks were originally registered in the name of GS Yuasa Industry Ltd ('GSYI') on 21 November 1998 and 4 May 2008 respectively. GSYI assigned the plaintiff's registered trademarks to the plaintiff. The plaintiff's first and second registered trademarks have been registered in the plaintiff's name on 4 July 2007 and 7 August 2008 respectively; G H

(g) the plaintiff had applied for and obtained registration of the plaintiff's registered trademarks with their variations and/or extensions in approximately 103 countries;

(h) from 1960s until now, JSB, its subsidiaries and affiliated companies, together with the plaintiff, have jointly and/or severally invested substantial amounts of money, time and effort to promote the plaintiff's products bearing the plaintiff's registered trademarks and plaintiff's trademark in Malaysia. Photographs depicting the plaintiff's registered I

trademarks and plaintiff's trademark being displayed prominently in the premises of the plaintiff's dealers in Malaysia, had been exhibited in the plaintiff's first affidavit;

(i) the total sales value of the plaintiff's products bearing the plaintiff's registered trademarks and plaintiff's trademark in Malaysia from 1994–2013 had been disclosed in the plaintiff's first affidavit;

(j) the defendant is part of an 'international conspiracy' which has fraudulently applied for and obtained registration of trademarks in Malaysia and Indonesia for storage batteries which are deceptively and/or confusingly similar to the plaintiff's registered trademarks and plaintiff's trademark. This allegation is based on the following:

(i) an Indonesian company, PT Gramitrama Battery Indonesia ('PT Gramitrama') had registered a composite mark in Indonesia ('registered trademark (Indonesia)') which was similar to the defendant's registered trademark, plaintiff's registered trademarks and plaintiff's trademark;

(ii) PT Gramitrama is a party related to the defendant because both companies have a common director, Mr Agus Wijaya ('AW'); and

(iii) the plaintiff had applied to expunge the registered trademark (Indonesia) and this application had been allowed in the Indonesian Supreme Court's decision;

(k) the defendant's registered trademark was registered on 18 April 2005. The plaintiff averred:

(i) the defendant's registered trademark was copied from the plaintiff's registered trademarks;

(ii) OBI had applied for the registration of:

(1) the defendant's registered trademark; and

(2) a trademark, 'GSI Premium High Power', in application No 05005791 ('OBI's application No 05005791');

(iii) the Registrar of Trademarks ('the registrar') had given notice to OBI by way of a letter dated 19 January 2007 that the defendant's registered trademark could deceive or confuse the consumer under s 14(1)(a) of the TMA in view of the plaintiff's registered trademarks (registrar's letter dated 19 January 2007); and

(iv) OBI's application No 05005791 was subsequently abandoned by OBI;

(l) the use of the defendant's registered trademark on the defendant's goods is likely to deceive and/or confuse the public to have the false impression that the defendant's goods originate from or is associated with the plaintiff;

(m) on 2 December 2015 (date of filing of this OS), the defendant's registered trademark is not distinctive of the defendant's goods;

(n) in April 2015, the plaintiff had employed a firm of private investigators ('PI') to investigate the defendant's products in the Klang Valley. The PI had visited 'Loong Sheng Battery & Parts Enterprise' ('Loong Sheng') and purchased the defendant's goods affixed with the defendant's registered trademark on 14 April 2015 but Loong Sheng issued an invoice stating that 'GS YB4LB' ('the plaintiff's product') was purchased ('Loong Sheng's invoice'). Loong Sheng's invoice should have stated that the defendant's goods, namely 'GiSi', was purchased by the PI;

(o) the plaintiff's solicitors had sent a demand dated 12 May 2015 to the defendant ('the plaintiff's demand'). The plaintiff's demand stated, among others:

(i) the plaintiff had commenced the use of the plaintiff's registered trademarks in Malaysia since 1970s;

(ii) the defendant's registered trademark was 'uplifted' from the plaintiff's get-up;

(iii) the defendant had filed the defendant's registered trademark with an intention to deceive the registrar; and

(iv) the defendant had manufactured or cause to be manufactured automotive, vehicle and motorcycle batteries bearing the defendant's registered trademark through PT Gramitrama in Indonesia. The plaintiff had successfully invalidated the registered trademark (Indonesia); and

(p) the defendant's solicitors replied to the plaintiff's demand by way of a letter dated 9 June 2015 ('the defendant's reply'). According to the defendant's reply, among others:

(i) the defendant disputed the plaintiff's claim that the plaintiff had used the plaintiff's registered trademarks in Malaysia since 1970s;

(ii) the plaintiff's registered trademarks were distinctively different from the defendant's registered trademark. As such, there was no likelihood of deception or confusion arising from the use of the defendant's registered trademark; and

(iii) if the plaintiff maintains that the registered trademark is 'almost identical and/or substantially similar' to the plaintiff's registered

trademarks, the defendant reserves the 'right to seek all necessary actions to expunge' the plaintiff's registered trademarks and to seek 'appropriate damages' from the plaintiff.

[9] The plaintiff's second affidavit affirmed by YM ('the plaintiff's second affidavit') stated, among others:

(a) the redacted information in Siam GS's Invoices and PT Astra's Invoices ('redacted information') constituted confidential information;

(b) the total sales value of the plaintiff's products in Malaysia bearing the plaintiff's registered trademarks and plaintiff's trademark for 2014 and 2015, had been given in the plaintiff's second affidavit; and

(c) the Indonesian Trademark office had executed the Indonesian Supreme Court's decision by deleting the registered trademark (Indonesia) from Indonesia's Register of Trademarks.

D. THE DEFENDANT'S CASE

[10] The defendant's first affidavit to oppose this OS ('the defendant's first affidavit') had been affirmed by Mr Ganesh Gimson Rahman a/l Packirisamy ('GGR'). The defendant's first affidavit, averred, among others, as follows:

(a) the defendant's registered trademark had been assigned by OBI to the defendant by way of an assignment dated 1 September 2010 ('assignment'). Pursuant to the assignment, the defendant's registered trademark had been transferred to the defendant on 4 December 2012;

(b) OBI and the defendant are separate entities. The defendant did not know why OBI abandoned OBI's application No 05005791;

(c) the defendant's registered trademark is different from the plaintiff's registered trademarks visually and phonetically. There is no likelihood of deception or confusion to the public in respect of the use of the defendant's registered trademark. The defendant's registered trademark is distinctive of the defendant's goods;

(d) the defendant disputed that the plaintiff had used the plaintiff's trademark and the plaintiff's registered trademarks in the 1960s. The defendant instead alleged that exh A in the plaintiff's first affidavit only showed that the plaintiff's products were first sold in 2002;

(e) records of 'Suruhanjaya Syarikat Malaysia' ('SSM') showed that Makenta and Hong Leong were incorporated on 23 May 1994 and 23 April 1979 respectively. It was therefore impossible for the plaintiff to have sold its products through Makenta and Hong Leong in the 1970s;

(f) the defendant's solicitors had requested for the plaintiff's solicitors to supply the redacted information but to no avail; and

(g) the Indonesian case concerned trademarks which were different from the defendant's registered trademark. Furthermore, the appeal in the Indonesian case was still pending. Exhibited in the defendant's first affidavit were documents regarding the Indonesian case ('the defendant's exhibits regarding Indonesian case').

[11] Mr Ng Koon On ('NKO') is a manager at Loong Sheng. NKO affirmed an affidavit for the defendant ('the defendant's second affidavit') which stated, among others, as follows:

(a) NKO's wife is the sole proprietor of Loong Sheng but Loong Sheng's business and management is wholly handled by NKO; and

(b) at all material times, there is no confusion between the plaintiff's products bearing the plaintiff's registered trademarks with the defendant's goods bearing the defendant's registered trademark. This is because the defendant's registered trademark is different from the plaintiff's registered trademarks visually and phonetically.

[12] GGR affirmed the third affidavit for the defendant which stated, among others, that the defendant's exhibits regarding Indonesian case had been given by PT Gramitama to the defendant.

E. RELEVANT PROVISIONS IN THE TMA

[13] The following provisions in the TMA are considered in this OS:

10 Registrable trade marks

(1) *In order for a trade mark* (other than a certification trade mark) *to be registrable, it shall contain or consist of at least one of the following particulars:*

(a) the name of an individual, company or firm represented in a special or particular manner;

(b) the signature of the applicant for registration or of some predecessor in his business;

(c) *an invented word or words;*

(d) *a word having no direct reference to the character or quality of the goods or services not being, according to its ordinary meaning, a geographical name or surname; or*

(e) *any other distinctive mark.*

(2) *A name, signature or word which is not described in paragraph (1)(a), (b), (c)*

or (d) is not registrable unless it is by evidence shown to be distinctive.

(2A) *For the purposes of this section, 'distinctive', in relation to the trade mark registered or proposed to be registered in respect of goods or services, means the trade mark must be capable of distinguishing goods or services with which the proprietor of the trade mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered, subject to conditions, amendments, modifications or limitations, in relation to use within the extent of the registration.*

(2B) *In determining whether a trade mark is capable of distinguishing as aforesaid, regard may be had to the extent to which —*

(a) *the trade mark is inherently capable of distinguishing as aforesaid; and*

(b) *by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid.*

...

14 *Prohibition on registration*

(1) *A mark or part of a mark shall not be registered as a trade mark —*

(a) *if the use of which is likely to deceive or cause confusion to the public*or would be contrary to law;

...

19 *Identical trade marks*

(1) *No trade mark shall be registered in respect of any goods or description of goods —*

(a) *that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods*; or

(b) *that so nearly resembles such a trade mark as is likely to deceive or cause confusion.*

...

25 *Registration*

(1) *Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.*

...

36 *Registration prima facie evidence of validity*

In all legal proceedings relating to a registered trade mark (including applications under section 45) the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of

all subsequent assignments and transmissions thereof.

37 *Registration conclusive*

In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) *the original registration of the trade mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown —*

(a) *that the original registration was obtained by fraud;*

(b) *that the trade mark offends against section 14*; or

(c) *that the trade mark was not, at the commencement of the proceedings, distinctive of the goods* or services *of the registered proprietor*,

except that this section shall not apply to a trade mark registered under the repealed Ordinances and incorporated in the Register pursuant to subsection 6(3) until after the expiration of three years from the commencement of this Act.

40 *Acts not constituting infringement*

(1) *Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trade mark —*

...

(f) the use of a trade mark, which is one of two or more registered trade marks which are substantially identical, in exercise of the right to the use of that trade mark given by registration as provided by this Act.

...

45 *Rectification of the Register*

(1) *Subject to the provisions of this Act —*

(a) *the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;*

... (Emphasis added.)

F. WHETHER THE PLAINTIFF IS A 'PERSON AGGRIEVED' BY THE DEFENDANT'S REGISTERED TRADEMARK?

[14] It is not disputed that the plaintiff has the legal burden to prove that the plaintiff is a 'person aggrieved' by the defendant's registered trademark within the meaning of s 45(1)(a) of the TMA — please see *X1R Global Holding Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd* [2016] MLJU 1249; [2016] 5 MLRH 41 at para 39.

[15] In *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741;

[2009] 4 CLJ 749 at para 22, Abdul Aziz Mohamad FCJ held as follows in the Federal Court:

> [22] *We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark — or who has a genuine and present intention to use his mark as a trademark – in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register*. (Emphasis added.)

[16] *McLaren International* has been followed in the following Federal Court cases:

(a) by Zulkefli Makinudin CJ (Malaya) in *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 3 CLJ 661 at paras 14–15 and 17; and

(b) by Azahar Mohamed FCJ in *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* [2015] 6 MLJ 465 at paras 27–28.

[17] This court has no hesitation to hold that the plaintiff is a 'person aggrieved' by the defendant's registered trademark under s 45(1)(a) of the TMA for the following evidence and reasons:

(a) the plaintiff has used and is still using the plaintiff's trademark and plaintiff's registered trademarks in the course of trade for goods in Class 9, the same class of goods for which the defendant's registered trademark is used. Hence, the plaintiff's business in respect of the plaintiff's goods bearing the plaintiff's trademark and plaintiff's registered trademarks, is adversely affected by the use of the defendant's registered trademark; and

(b) as elaborated subsequently in this judgment, the plaintiff is the first user of the plaintiff's trademark for goods in Class 9 in the course of trade in Malaysia. As such, the plaintiff is the common law proprietor of the plaintiff's trademark and plaintiff's registered trademarks for goods in Class 9 in Malaysia. For reasons explained below, the defendant's registered trademark is likely to deceive and/or confuse the public to think that the defendant's goods bearing the defendant's registered trademark originate from or is associated with the plaintiff. Accordingly, the defendant's use of the defendant's registered trademark causes grievance to the plaintiff.

G. WHO IS FIRST USER OF 'GS' TRADEMARK?

[18] The Federal Court has decided as follows in *Mesuma Sports* at paras 32, 37–38 and 46–47:

[32] *The issue raised and argued by both sides turned upon this fundamental question: who can rightfully claim to be proprietor of a trademark under s 25(1) of the (TMA)* ...

...

[37] *We agree with the submissions of learned counsel for the defendant to this extent. Whilst the creator or designer of an indicator as a trademark or source identifier may well be the copyright owner or registered design owner, the person is not automatically the trademark owner. He may enforce his copyright or industrial design right but not necessarily his trademark rights. There is a clear distinction between the creator of a mark and user of a mark. To put the point differently, common law proprietorship is not based on who first designed or created the trademark or source identifier in question. The common law ownership to a trademark requires the claimant establishing its entitlement to it not by showing that it is the creator of the identifier but rather, by reason of its use as a trademark on goods in the course of its trade.*

[38] *To be more specific, in the context of the present case, it is not the law that by it having created the tiger stripes design and irrespective of its activities, the plaintiff was automatically the common law owner it created as a trademark. The fact that the plaintiff had created the said design did not of itself give it the right to the design as a trademark. It must be borne in mind that the assertion of who conceptualised the tiger stripes design was initially put forth with a view of supporting the plaintiff's contest for copyright ownership of the same. The plaintiff subsequently dropped its copyright ownership claim. This point has been made earlier but deserves to be reiterated. That aspect of intellectual property right is separate and distinct from common law ownership of the tiger stripes as a trademark, the latter of which is determined by first 'user' of the tiger stripes design in a distinctive way as a trademark in the course of trade.*

...

[46] *Thus, the well-settled legal requisites necessary for the acquisition of common law trademark rights over an indicator and identifier for the commencement of any passing off cause of action has always been premised on a factual requirement for the distinctive use of the indicator or identifier in a trademark sense in the course of trade.*

[47] *So we would hold that he who first uses a trademark owns the said trademark under common law and that such common law ownership would in turn entitle him to file for trademark application as a bona fide applicant, pursuant to s 25(1) of the TMA.* (Emphasis added.)

[19] Based on *Mesuma Sports*, the person who has used a trademark in the course of trade for the first time in Malaysia ('first user') is the common law proprietor of the trademark and is thereby entitled to apply for the registration of the trademark under s 25(1) of the TMA.

[20] As this OS has been filed by the plaintiff, the plaintiff has the legal burden to prove on a balance of probabilities that the plaintiff was the first user of the plaintiff's trademark — please see *Huan Schen Sdn Bhd v Sram, LLC* [2016] MLJU 429; [2016] AMEJ 1724 at para 35.

[21] I am of the view that the plaintiff has succeeded to prove on a balance of probabilities that the plaintiff was the first user of the plaintiff's trademark. This finding is premised on the following evidence and reasons:

(a) Siam GS's invoice dated 26 July 1996 to Winsome, exhibited in the plaintiff's first affidavit ('Siam GS's invoice dated 26 July 1996'), constituted documentary evidence of the plaintiff's first user of the plaintiff's trademark in Malaysia. Siam GS's invoice dated 26 July 1996 stated that GS Siam had exported 'GS Automotive Batteries' to Winsome in Kuala Lumpur. The significance of Siam GS's invoice dated 26 July 1996 is explained as follows:

(i) Mahadev Shankar J (as he then was) held in the High Court case of *Hai-O Enterprise Bhd v Nguang Chan* [1992] 2 CLJ Rep 436 at p 444, as follows:

> Generally speaking it is the manufacturer of goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports these goods into this country. (Emphasis added.)

Based on *Hai-O Enterprise*, generally, the plaintiff as the manufacturer and exporter of goods bearing the plaintiff's trademark to Malaysia, is the common law proprietor of the plaintiff's trademark; and

(ii) invoices bearing a trademark can be considered as use of the trademark in the course of trade — please see Ramly Ali J's (as he then was) judgment in the High Court case of *Acushnet Company v Metro Gold Manufacturing Sdn Bhd* [2006] MLJU 412; [2006] 7 CLJ 557. It was decided in *Acushnet Company* at paras 78–79, as follows:

> [78] ... Furthermore, *the defendant also used the 'TITLEIST' mark on its delivery orders and invoices when issuing the same to third parties.*
>
> [79] *In Cheetah trademark [1993] FSR 263 Mr Morrit J held when granting the plaintiff's relief sought in their summary judgment application that:*
>
> (1) *use of a registered trademark on invoices and delivery notes was just as much an infringement as stamping the mark on a container for the goods.*

(2) *use of a registered trademark on an invoice, even if rendered long after sale and delivery, was still a use in the course of trade.* (Emphasis added.);

(b) the defendant had not exhibited any documentary evidence to prove OBI's first use of the defendant's registered trademark. Nor is there any letter from the defendant to OBI to seek documentary evidence regarding OBI's first use of the defendant's registered trademark. I will elaborate further on this omission later in this judgment; and

(c) reg 18(1) of the Trade Marks Regulations 1997 ('the TMR') provides that an application to register a trademark shall be in Form TM5. According to reg 4(1) of the TMR, the forms referred in TMR are contained in the Second Schedule to the TMR ('the Second Schedule'). The Second Schedule provides for the contents of, among others, Form TM5. In row no 11 of TM5, an applicant has to fill up details, if any, regarding the 'Date of first use of the trademark in Malaysia (if any)'. It is significant to note that row no 11 in OBI's Form TM5 to register the defendant's registered trademark, was blank. Such an omission by OBI in Form TM5 clearly shows that OBI could not be the first user of the defendant's registered trademark. I will discuss further regarding this omission in this judgment.

H. EFFECT OF SS 36 AND 37 OF THE TMA

[22] In this OS, according to s 36 of the TMA, the fact that the defendant is registered as the owner of the defendant's registered trademark, shall be prima facie evidence of the validity of the original registration of the defendant's registered trademark. More importantly, the defendant's registered trademark has been valid for more than seven years from the date of its original registration (18 April 2015) and this attracts the application of s 37 of the TMA wherein the defendant's registered trademark shall be taken to be valid unless the plaintiff can prove any one or more of the three exceptions in s 37(a), (b) or (c) of the TMA ('three exceptions'). I refer to the following two Court of Appeal cases:

(a) James Foong JCA's (as he then was) judgment in *Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading)* [2006] 6 MLJ 445; [2006] 3 CLJ 393 at para 21; and

(b) the decision of Gopal Sri Ram JCA (as he then was) in *Microsoft Corporation v Yong Wai Hong* [2008] 3 MLJ 309 at para 6.

[23] The three exceptions do not refer to s 19 of the TMA. As such, the plaintiff cannot rely on s 19 of the TMA to invalidate the defendant's registered trademark in this case.

A I. WHETHER ORIGINAL REGISTRATION OF THE DEFENDANT'S REGISTERED TRADEMARK HAD BEEN OBTAINED BY FRAUD

[24] The defendant's learned counsel, Mr Soh Chien Hao ('Mr Soh'), had relied on the judgment of Kamalanathan Ratnam JC (as he then was) in the B High Court case of *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504 at p 520 ('*Tiga Gajah*'s case'), as follows:

> ... What therefore emerges from these cases is the crystallization of three elements to co-exist in establishing fraud in respect of s 37 of the TMA 1976.
>
> C For fraud to subsist, there must be:
>
> (1) an actual deception and intention to deceive;
>
> (2) an actual injury or possible injury by means of deceit; and
>
> D (3) actual knowledge that the act was calculated to injure one's neighbour. (Emphasis added.)

[25] According to Mr Soh, the plaintiff had failed to prove the three elements of fraud under s 37(a) of the TMA as laid down in *Tiga Gajah*'s case E because:

(a) there was no proof of the defendant's actual deception and intention to deceive the registrar;

(b) there was no evidence of an actual injury or possible injury by means of F deceit; and

(c) the defendant had no actual knowledge that the act was calculated to injure one's neighbour.

G **[26]** In *Huan Schen* at paras 48–49, I have followed the following decisions in construing s 37(a) of the TMA:

(1) the Federal Court's judgment delivered by Richard Malanjum CJ (Sabah and Sarawak) in *Sinnaiyah & Sons Sdn Bhd v Damai Setia Sdn Bhd* [2015] 5 MLJ 1; [2015] 7 CLJ 584 at paras 48–52; H

(2) *Hai-O Enterprise* at p 69–70;

(3) Abdul Aziz J's (as he then was) decision in the High Court in *Luk Lamellen Und Kupplungsbau Gmbh v South East Asia Clutch Industries Sdn Bhd* [1997] 2 MLJ 724 at pp 733–734 ('*Luk Lamellen*'s case'); I

(4) *Tiga Gajah*'s case; and

(5) Ramly Ali J's (as he then was) judgment in the High Court case of *ELBA SpA v Fiamma Sdn Bhd* [2008] 3 MLJ 713 at paras 37–38.

[27] It was decided in *Huan Schen*, at para 50, as follows: **A**

Based on Malaysian cases, I am of the following view regarding fraud under s 37(a) of the TMA:

(1) *whether a registered proprietor of a trademark (X) has committed fraud on the registrar depends on whether there is evidence of actual dishonesty on X's part to deceive the registrar, traders and the public in respect of X's application and registration of the trademark — Hai-O Enterprise Bhd, Luk Lamellen's case* and *Tiga Gajah's case;* **B**

(2) *X would have defrauded the registrar, traders and the public if —* **C**

(a) *X has actual knowledge that X is not —*

(i) *entitled to apply for registration of the trademark — Luk Lamellen's case; or*

(ii) entitled to use the trademark — *Hai-O Enterprise Bhd*; and **D**

(b) *X has actual knowledge that another person has —*

(i) *Common Law proprietorship of the trademark — Luk Lamellen's case;*

(ii) *prior right to the trademark — Luk Lamellen's case*; or **E**

(iii) *prior use of the trademark — Hai-O Enterprise BhdLuk* and *Lamellen's case;*

(3) *case law on other branches of law [not under s 37(a) of the TMA] has identified the following four kinds of constructive 'knowledge' or 'notice' —* **F**

(a) *'wilfully shutting one's eyes to the obvious' (wilful blindness)*. Wilful blindness is also known as 'Nelsonian knowledge', 'wilful ignorance' and 'contrived ignorance';

(b) *wilfully and recklessly failing to make such inquiries as an honest and reasonable person would have made (recklessness);* **G**

(c) knowledge of circumstances which would indicate the facts to an honest and reasonable person (*knowledge of circumstances)*; and

(d) knowledge of circumstances which would put an honest and reasonable person on inquiry (*duty to inquire).* **H**

I do not think that s 37(a) of the TMA envisages knowledge of circumstances or duty to inquire on X's part. However, I am in favour of finding actual fraud on X's part under s 37(a) of the TMA if there is wilful blindness or recklessness on the part of X in respect of the first user or the common law proprietor of the trademark. If X — **I**

(i) *is wilfully blind; or*

(ii) *reckless*

— in respect of the first user or the common law proprietor of a

trademark, X would have actually defrauded the registrar, traders and the public under s 37(a) of the TMA when X nevertheless proceeds to apply and obtain the registration of that trademark; and

(4) *whether X has committed fraud under s 37(a) of the TMA in a particular case is a question of fact which is dependent on the evidence adduced in that case. Accordingly, cases on s 37(a) of the TMA are not binding precedents from the view point of the doctrine of stare decisis.* (Emphasis added.)

I(1). Should court lift corporate veil of OBI and the defendant?

[28] The defendant has contended that OBI and the defendant are separate legal entities in law.

[29] To lift or pierce the corporate veil of OBI and the defendant, three Federal Court judgments require the plaintiff to fulfil the following two cumulative conditions ('two conditions'):

(a) the piercing or lifting of a corporate veil is in the interest of justice; *and*

(b) there exists special circumstances to pierce or lift the corporate veil of OBI and the defendant, such as:

(i) there has been commission of actual fraud or common law fraud against the plaintiff;

(ii) equitable fraud or constructive fraud has been committed against the plaintiff;

(iii) to prevent the evasion of obligation or liability; *or*

(iv) to prevent an abuse of corporate personality.

I rely on the following three Federal Court judgments which have laid down the two conditions:

(a) Hasan Lah FCJ's judgment in *Solid Investments Ltd v Alcatel-Lucent (M) Sdn Bhd (previously known as Alcatel Network Systems (M) Sdn Bhd)* [2014] 3 MLJ 785 at p 803; [2014] 3 CLJ 73 at p 92;

(b) the decision of Richard Malanjum CJ (Sabah and Sarawak) in *Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors (on their behalf and for the 213 sub-purchasers of plots of land known as PN35553, Lot 9108, Mukim Hutan Melintang, Hilir Perak) and other appeals* [2015] 1 MLJ 773 at paras 96–99; and

(c) the judgment of Richard Malanjum CJ (Sabah & Sarawak) in *Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor* [2015] 6 MLJ 449; [2015] 9 CLJ 537 at paras 39 and pp 44–45.

[30] In *KTL Sdn Bhd & Anor v Leong Oow Lai* [2014] MLJU 1405; [2014] AMEJ 1458 at paras 66–67, I have followed Staughton LJ's judgment in the English Court of Appeal case of *Atlas Maritime Co SA v Avalon Maritime Ltd; The Coral Rose (No 1)* [1991] 4 All ER 769 at p 779, regarding the following difference between the lifting of a corporate veil and its piercing:

(a) the corporate veil of a company is pierced when the rights, liabilities and/or activities of a company are considered or deemed by the court to be the rights, liabilities and/or activities of the controller or alter ego of the company; and

(b) a company's corporate veil is lifted when the court does not consider the separate legal personality of the company in ascertaining the true factual position in relation to the company.

[31] This court decides to lift the corporate veil of OBI and the defendant to show that both companies constitute one single corporate entity as explained by Edgar Joseph Jr J High Court's case of *Tan Guan Eng v Ng Kweng Hee & Ors* [1992] 1 MLJ 487 at p 502. This decision is based the following evidence and reasons:

(a) based on SSM's records, OBI and the defendant:

  (i) has the same registered address and business address;

  (ii) has the same business;

  (iii) has common directors and shareholders, namely Mr Lim Kim Lai ('LKL') and Mr Lim Bok Seng ('LBS'); and

  (iv) has the same company secretary, namely Ms Loh Mee Lan;

(b) by way of the assignment, OBI purportedly assigned two registered trademarks, including the defendant's registered trademark ('two registered trademarks'), to the defendant for only RM10! More importantly:

  (i) the assignment was signed by LKL on behalf of OBI;

  (ii) the assignment was signed by LBS on behalf of the defendant;

  (iii) both signatures of LKL and LBL were witnessed by the same person, namely one 'Sumathy', 'IP manager'; and

  (iv) the same address for both OBI and the defendant (PT7262–7264, Ground Floor, Putra Point, Jalan BBN 1/2B, 71800 Nilai, Negeri Sembilan) was stated in the assignment;

(c) the two conditions are fulfilled in this case because:

  (i) this OS had alleged the original registration of the defendant's

registered trademark had been obtained by fraud under s 37(a) of the TMA; and

(ii) it is in the interest of justice to lift the corporate veil of OBI and the defendant to ascertain the true factual position of this case; and

(d) if OBI and the defendant are separate legal entities, upon the service of this OS, the defendant's solicitors would have requested from OBI to furnish the defendant with documentary evidence regarding:

(i) how OBI created, acquired or adopted the defendant's registered trademark; and

(ii) OBI's first use of the defendant's registered trademark.

I(2). Whether the defendant's registered trademark had been obtained by fraud on registrar

[32] As explained in the above part I(1), upon the lifting of the corporate veil of OBI and the defendant, both companies shall be considered by this court as one single corporate entity.

[33] I find as a fact that the plaintiff has succeeded to prove on a balance of probabilities that the original registration of the defendant's registered trademark on 18 April 2005 had been obtained by fraud on the registrar under s 37(a) of the TMA. This finding is premised on the following evidence and reasons:

(a) as elaborated in the above part G, the plaintiff was the first user and the common law proprietor of the plaintiff's trademark. Furthermore, the blank row No 11 in OBI's Form TM5 clearly showed that OBI could not be the first user of the defendant's registered trademark. Accordingly, when OBI applied to register the defendant's registered trademark:

(i) OBI must have actual knowledge that OBI was not the common law owner of the defendant's registered trademark under s 25(1) of the TMA; and

(ii) OBI had the dishonest intention to deceive the registrar to believe that OBI was the common law proprietor of the defendant's registered trademark under s 25(1) of the TMA;

– please see *Luk Lamellen*'s case at p 733–734;

(b) I accept the contention of the plaintiff's learned counsel, Mr Brian Law Yew Foo ('Mr Brian Law'), that OBI had copied or uplifted the defendant's registered trademark from the plaintiff's trademark affixed on the plaintiff's products. The plaintiff's first affidavit, in para 36, had clearly demonstrated how this copying was done by OBI;

(c) OBI had actual knowledge of the plaintiff's registered trademarks by way of the registrar's letter dated 19 January 2007. In fact, OBI's application No 05005791 had been subsequently abandoned by OBI. Despite the registrar's letter dated 19 January 2007, OBI's trademark agent sent a letter dated 14 March 2007 to the registrar which dishonestly stated in para 27 that OBI had used the defendant's registered trademark 'for a long time in Malaysia'. No documentary evidence of OBI's use of the defendant's registered trademark in Malaysia had been adduced in this case; and

(d) OBI's registration of the defendant's registered trademark was not co-incidental with the registration of the registered trademark (Indonesia). I accept Mr Brian Law's submission that OBI, the defendant and PT Gramitrama had conspired to register trademarks in Malaysian and Indonesia which are deceptively and/or confusingly similar to the plaintiff's trademark and the plaintiff's registered marks. Such a finding is supported by the following evidence and reasons:

(i) the defendant and PT Gramitrama have a common director, AW; and

(ii) when the plaintiff's first affidavit alleged about an 'international conspiracy' between the defendant and PT Gramitrama, the defendant's first affidavit falsely averred that the appeal in Indonesia was still pending. Furthermore, the defendant's first affidavit exhibited the defendant's exhibits regarding Indonesian case. If the defendant was a legal entity which is independent of PT Gramitrama, the defendant:

(1) would not have any knowledge of the Indonesian case, let alone had the audacity to claim that the appeal in the Indonesian case was still pending;

(2) would not have falsely alleged in the defendant's first affidavit that the appeal in the Indonesian case was still pending when the Indonesian Supreme Court's decision had conclusively ruled in respect of the registered trademark (Indonesia); and

would not have access to the defendant's exhibits regarding Indonesian case.

[34] If I have erred in lifting the corporate veil of OBI and the defendant:

(1) as explained in the above sub-paras 33(a) and (b), this court maintains its decision that the original registration of the defendant's registered trademark had been procured by fraud perpetrated by OBI on the registrar; and

(2) there is no affidavit filed on behalf of OBI to rebut the plaintiff's averments regarding fraud committed by OBI in registering the defendant's registered trademark ('the plaintiff's fraud allegations'). The plaintiff's fraud allegations could not be rebutted by the defendant, especially when the defendant was only incorporated (on 29 April 2009) after the registration of the defendant's registered trademark on 18 April 2005. Accordingly, the plaintiff's fraud allegations stand unrebutted in this case.

[35] In any event, this court finds that the assignment is a sham for the following reasons:

(a) if the two trademarks were genuine and had valuable goodwill, it did not make commercial sense for OBI to assign absolutely the two trademarks to the defendant for a mere RM10;

(b) there was no evidence of any negotiations between OBI and the defendant before the assignment was executed;

(c) there was no documentary evidence to prove the defendant's payment of RM10 to OBI as valuable consideration for the assignment; and

(d) the assignment was executed on 1 September 2010 but the transfer of the defendant's registered trademark on the register was only effected on 4 December 2012. There was therefore an inordinate delay of more than two years and three months for the assignment to be recorded in the register. No explanation on affidavit evidence had been given by the defendant for such an unreasonable delay.

J. Whether the defendant's registered trademark is likely to deceive and/or confuse public

[36] In the Federal Court case of *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener)* [2015] 4 MLJ 166; [2015] 4 CLJ 20 at para 29, Zulkefli Makinudin CJ (Malaya) has decided that the plaintiff bears the legal burden prove that there is a real likelihood of deception or confusion of the public regarding the use of the defendant's registered trademark.

[37] Mr Soh had submitted that the use of the defendant's registered trademark on the defendant's goods is not likely to deceive and/or confuse the public so as to give the false impression that the defendant's goods originate from or is associated with the plaintiff. According to Mr Soh, among others:

(a) the plaintiff's trademark and the plaintiff's registered trademarks have no logo. The defendant's registered trademark is a combination of words and a logo which consists of:

(i) a vertical slanting line after the words 'GISI'; A

(ii) the word 'Premium' in white colour with the background in dark colour; and

(iii) the words 'High Power' with a white background.

The defendant's logo distinguishes the defendant's registered trademark from the plaintiff's trademark and plaintiff's registered trademarks; B

(b) a visual comparison of the defendant's registered trademark with the plaintiff's trademark and plaintiff's registered trademarks, reveals the following differences: C

(i) there is an alphabet 'I' between the alphabet 'G' and the alphabet 'S' in the defendant's registered trademark;

(ii) there is another alphabet 'I' after the alphabet 'S' in the defendant's registered trademark; D

(iii) there is a vertical slanting line after the words 'GISI' in the defendant's registered trademark;

(iv) the defendant's registered trademark has the words 'Premium' and 'High Power'; and E

(v) the plaintiff's second registered trademark has the words 'Plus One' which is not found in the defendant's registered trademark;

(c) aurally, the defendant's registered trademark has seven syllables, namely — 'GI-SI PRE-MIUM HIGH PO-WER'. The plaintiff's first registered trademark has only two syllables ('G-S') while the plaintiff's second registered trademark has four syllables (G-S Plus One). The pronunciation of the defendant's registered trademark, the plaintiff's trademark and the plaintiff's registered trademarks is totally different and the customers will not be deceived or confused; F G

(d) NKO had affirmed the defendant's second affidavit to confirm that there was no confusion between the defendant's goods bearing the defendant's registered trademark on the one part with the plaintiff's products with the plaintiff's trademark and/or the plaintiff's registered trademarks on the other part; and H

(e) the following cases had been cited in support of the above submission:

(i) Parker J's (as he then was) decision in the English High Court case of *Re Pianotist Co Ltd* (1906) 23 RPC 774; I

(ii) the judgment of Mohd Yusoff Mohamed SCJ in the Supreme Court case of *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344; and

(iii) Ramly Ali J's (as he then was) decision in the High Court in *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 8 CLJ 444.

[38] I have considered Mr Soh's meticulous submission regarding all the differences between the plaintiff's trademark and plaintiff's registered trademarks on the one part and the defendant's registered trademark on the other part. However, I make a finding of fact that the plaintiff has succeeded to discharge the legal burden to prove on a balance of probabilities that the use of the defendant's registered trademark on the defendant's products is likely to deceive and/or confuse the public to think erroneously that the defendant's goods originate from or is associated with the plaintiff. This finding is based on the following evidence and reasons:

(a) the most important proof of likelihood of deception and/or confusion is Loong Sheng's invoice which mistakenly stated that the plaintiff's product had been purchased by the PI when the PI had in fact bought the defendant's goods. I have duly considered the defendant's second affidavit affirmed by NKO which averred that NKO was not confused between the plaintiff's goods bearing the plaintiff's registered trademarks with the defendant's goods bearing the defendant's registered trademark. When there is a conflict between documentary evidence, especially contemporaneous ones, with oral evidence or allegations in an affidavit, I should accept the former — please see Siti Norma Yaakob JCA's (as she then was) judgment in the Court of Appeal case of *Guan Teik Sdn Bhd v Haji Mohd Noor Hj bin Yakob & Ors* [2000] 4 MLJ 433 at p 439; [2000] 4 CLJ 324 at p 330. Furthermore, NKO did not even refer to Loong Sheng's invoice in the defendant's second affidavit, let alone explain how Loong Sheng's invoice had been erroneously issued;

(b) as explained by Romer J (as he then was) in the English High Court case of *Re Ladislas Jellinek* (1946) 63 RPC 59 at p 70, I have to consider the nature, characteristics, composition, purpose and use of the plaintiff's goods and the defendant's goods. Such a consideration reveals a similarity of description between the plaintiff's goods and the defendant's goods. In fact, both the plaintiff's goods and the defendant's goods are in the same Class 9;

(c) I will now consider the nature of the customers, end users, consumers and purchasers of the plaintiff's goods and the defendant's goods ('customers'). In *Tohtonku* at p 347, the Supreme Court applied *Re Pianotist Co Ltd* and took into account the nature of the customers. I find that the customers of the plaintiff's goods and the defendant's goods are the same;

(d) it was held in *Re Ladislas Jellinek* at p 70, that the court should take into account the nature of the trade channels of the plaintiff's goods and the

defendant's goods, namely the nature of the distributors, dealers and retailers for the plaintiff's goods and the defendant's goods ('traders'). This court is satisfied that the nature of traders involved with the goods of the plaintiff and defendant, is the same;

(e) in an appeal to the Privy Council from New Zealand, *Solavoid Trade Mark* [1977] RPC 1 at p 31, Lord Fraser has explained the importance of how the trademark has been applied on or in relation to the goods. I note that the plaintiff's trademark, plaintiff's registered trademarks and the defendant's registered trademark have been applied in the same manner upon or in relation to the plaintiff's goods and the defendant's goods;

(f) there should be a visual comparison between the plaintiff's trademark and the plaintiff's registered trademarks on the one hand with the defendant's registered trademark on the other hand — please see James Foong JCA's (as he then was) judgment in the Court of Appeal case of *Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading)* [2006] 6 MLJ 445 at pp 458–459; [2006] 3 CLJ 393 at pp 407–408;

(g) despite the visual differences between the plaintiff's trademark and the plaintiff's registered trademarks on the one part with the defendant's registered trademark on the other part, the plaintiff's trademark, the plaintiff's registered trademarks and the defendant's registered trademark share a striking similarity, namely the alphabets 'G' and 'S' are featured most prominently in these three trademarks. The two alphabets 'I' in the defendant's registered trademark:

(i) are smaller in terms of font size than the alphabets 'G' and 'S'; and

(ii) do not reduce the prominence of the alphabets 'G' and 'S';

(h) a phonetic comparison between the plaintiff's trademark and the plaintiff's registered trademarks on the one part with the defendant's registered trademark on the other part, should be undertaken according to the following two Court of Appeal cases:

(i) *Bata Ltd* at p 407; and

(ii) in *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358 at p 365; [2004] 3 CLJ 815 at pp 823–824, Nik Hashim JCA (as he then was) adopted the House of Lords case of *Aristoc Ltd v Rysta Ltd & Another* [1945] 1 All ER 34 in deciding whether there was phonetic confusion or not.

When the plaintiff's trademark, the plaintiff's registered trademarks and the defendant's registered trademark are pronounced, the real likelihood of deception and/or confusion is

clear. The pronunciation of the plaintiff's trademark, the plaintiff's registered trademarks and the defendant's registered trademark sound alike with the main syllables 'G' and 'S'.

In undertaking the above phonetic comparison, this court has given due allowance to the following considerations:

(i) due allowance should be given for reasonable customers and traders with an average memory and an imperfect recollection of the precise details of the plaintiff's trademark, plaintiff's registered trademarks and defendant's registered trademark — please see Lord Russell's judgment in the Privy Council in an appeal from Canada, *The Coca-Cola Co of Canada Ltd v Pepsi-Cola Co of Canada Ltd* (1942) 59 RPC 127 at p 133. Such an allowance has also been explained by Thomson LP in the Federal Court case of *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] 1 MLJ 392 at p 394; and

(ii) the possibility of careless pronunciation by reasonable customers and traders with an average memory and an imperfect recollection, has been taken into account by this court

– nonetheless, this court is still satisfied that a reasonable customer and trader will pronounce the plaintiff's trademark and plaintiff's registered trademarks in a similar or confusing manner as the defendant's registered trademark;

(i) I should apply the 'general recollection test' as explained by the Federal Court in *MI & M Corporation* at p 394, namely how reasonable customers and traders with an average memory and an imperfect recollection, would remember the defendant's registered trademark.

Applying the '*general recollection test*', I find that reasonable customers and traders with an average memory and an imperfect recollection, would remember the defendant's registered trademark as the plaintiff's trademark and/or the plaintiff's registered trademarks;

(j) as decided in *Solavoid trademark* at p 30, this court should consider whether there is a similarity of ideas or concept between the plaintiff's trademark and the plaintiff's registered trademarks on the one hand with the defendant's registered trademark on the other hand. Clearly, there exists a similarity of ideas and concept between the plaintiff's trademark and the plaintiff's registered trademarks on the one part with the defendant's registered trademark on the other part; and

(k) considering the plaintiff's trademark, the plaintiff's registered trademarks and the defendant's registered trademark as a whole and taking into account all the surrounding circumstances regarding the use of these trademarks (as decided in *Bata Ltd* at p 407), there is a real likelihood of deception and/or confusion of the public in the use of the defendant's registered trademark on the defendant's goods which will give

rise to a false impression that the defendant's goods originate from or is associated with the plaintiff.

[39] In view of the above evidence and reasons, the plaintiff has succeeded to prove that the defendant's registered trademark has indeed offended s 14(1)(a) of the TMA and should be removed pursuant to s 37(b) read with s 45(1)(a) of the TMA.

K. EFFECT OF INDONESIAN SUPREME COURT'S DECISION

[40] It is undeniable that intellectual property rights ('IP rights') in respect of a particular product may be protected and enforced in many jurisdictions. The court should not take a blinkered view regarding the protection and enforcement of IP rights. If a foreign court, especially its apex court, has decided on an issue regarding IP rights of a particular product and an identical or similar issue also arises regarding the same product in a Malaysian case, the Malaysian court should consider the foreign judgment in deciding that issue. Needless to say, Malaysian courts are not bound in any manner by any decision from a different jurisdiction. If a Malaysian court however reaches a decision which is identical or similar to that decided by a foreign court regarding IP rights of the same product, this will ensure consistency and predictability in the protection and enforcement of IP rights of that product in different jurisdictions.

[41] This court has considered the Indonesian Supreme Court's decision and is comforted to know that the decision in the above part J (the use of the defendant's registered trademark on the defendant's goods is likely to deceive and/or confuse the public under s 14(1)(a) read with s 37(b) of the TMA), is consistent with the Indonesian Supreme Court's decision.

L. WHETHER THE DEFENDANT'S REGISTERED TRADEMARK IS DISTINCTIVE OF THE DEFENDANT'S GOODS

[42] It is not disputed that the plaintiff has the legal burden to prove on a balance of probabilities that the defendant's registered trademark was not distinctive of the defendant's goods on 2 December 2015 (the date of the filing of this OS) as understood in s 37(c) of the TMA — please see *Hai-O Enterprise Bhd* at p 71.

[43] Mr Soh had advanced the following submission, among others, to resist the expungement of the defendant's registered trademark under s 37(c) of the TMA:

(a) the word 'GISI' is invented by the defendant and is not an English word.

Hence, the defendant's registered trademark is distinctive. Mr Soh cited Ramly Ali J's (as he then was) judgment in the High Court in *Yong Sze Fan & Anor v Sharifah binti Mohd Tamin & Ors* [2008] 7 MLJ 803;

(b) the defendant's registered trademark is a combination of the words 'GISI', 'Premium' and 'High Power' with a logo. Such a combination is unique and makes the defendant's registered trademark distinctive; and

(c) the combination of words 'GISI Premium' is invented by the defendant and does not exist in the English language. Moreover, the words 'GISI Premium' do not describe the defendant's goods in terms of character or quality. Mr Soh relied on the judgment of Umi Kalthum J (as she then was) in the High Court case of *Cargill Incorporated v Pendaftar Cap Dagangan* [2014] 9 MLJ 99.

[44] I refer to the following two Court of Appeal cases on s 37(c) of the TMA:

(a) it was decided as follows in *Lim Yew Sing* at p 19:

> *That distinctiveness has to be gauged by the extent to which the trademark is adapted to distinguish the goods with which its proprietor is connected in the course of trade goods with which no connection subsists. For the purpose of establishing distinctiveness, therefore, one must look to the use of the mark in the course of trade. (Emphasis added.)*; and

(b) the Court of Appeal held as follows in *Bata Ltd* in para 44:

> *Second issue: Whether at the commencement of the proceedings, the respondents' trademark is not distinctive of the goods of the respondents*
>
> [46] Lockhart J in the Australian case of *Dodds Family Investments Pty Ltd (formerly Solar Tint Pty Ltd) v Lane Industries Pty Ltd and Ors* 25 IPR 197 *explained the meaning of 'distinctive':*
>
> > *Distinctive' means distinctive in the sense that the mark distinguishes the registered proprietor's goods or services from others of the same type in that market, though it does not mean that the goods or services must specifically identify the plaintiff as the source of those goods or services. Often the identity of the supplier will be unknown, but what is important is that a significant number of consumers in the relevant market identify the plaintiff's goods or services as coming from one trade source: see Johnson & Johnson at FCR 336 and the other references there cited.* (Emphasis added.)

[45] Section 37(c) of the TMA concerns the question of whether the defendant's registered trademark was distinctive of the defendant's goods on the date when this OS was filed. To answer this question, the defendant should

adduce documentary evidence of the use of the defendant's registered trademark in the course of trade in Malaysia so as to distinguish the defendant's goods bearing the defendant's registered trademark from other goods — *Lim Yew Sing* and *Bata Ltd*.

[46] I accept Mr Brian Law's submission that the plaintiff has succeeded to discharge the legal burden to prove on a balance of probabilities that the defendant's registered trademark was not distinctive of the defendant's goods on 2 December 2015 (the date of the filing of this OS). Such a decision is based on the following reasons:

(a) the defendant had failed to adduce any documentary evidence regarding the sales of the defendant's goods bearing the defendant's registered trademark which can distinguish the defendant's goods from other goods; and

(b) as explained in the above part J, there is a real likelihood of deception and/or confusion regarding the use of the defendant's registered trademark. Hence, there is evidence that the defendant's registered trademark is not distinctive of the defendant's goods.

[47] I must add that the defendant was only incorporated on 29 April 2009, before the registration of the defendant's registered trademark (18 April 2005). Furthermore, the defendant had purportedly acquired the defendant's registered trademark by way of the assignment. As such, this court cannot give any credence to the submission that the defendant had invented the word 'GISI' and the combination of words, 'GISI Premium'.

M. SHOULD COURT MAKE ADVERSE INFERENCE AGAINST THE PLAINTIFF REGARDING REDACTED INFORMATION?

[48] A party should not redact a document without leave of court. I have decided as follows in *Tokai Corporation v DKSH Malaysia Sdn Bhd* [2016] MLJU 621 at para 26:

> 26. *I am of the following view regarding redaction of documents which are exhibited in affidavits in an OS:*
>
> (1) *a party should not have unilaterally redacted a document exhibited in an affidavit without leave of the Court under Order 38 rule 2(2) of the RC. The phrase 'unless … the Court otherwise directs' inOrder 38 rule 2(2) of the RC empowers the Court to allow a party to apply for leave of the Court to redact an exhibit in an affidavit (Redaction Application);*
>
> (2) in a Redaction Application, the Court has the power to inspect the unredacted document to ensure that the Redaction Application is made in

good faith and for a valid reason, for example, to ensure confidentiality of a party's information or to avoid publication of offensive, indecent or scandalous material. The party opposing the Redaction Application is not entitled to inspect the unredacted document, unless permitted by the applicant in the Redaction Application; and

(3) *if a party has unilaterally redacted a document exhibited in an affidavit without leave of the Court –*

(a) *the Court is in the dark as to what are the contents of the redaction and is therefore not in a position to decide on the redacted exhibit; and*

(b) *the opposing party is not in a position to answer regarding the redacted document. Accordingly, no adverse inference can be made against the opposing party for his or her failure to reply to a redacted exhibit in an affidavit.* (Emphasis added).

[49] In this case, the redacted information concerned quantities and prices of the sales of the plaintiff's goods. Such information is not relevant to the issues which arise in this OS. Hence, there cannot be any room to invoke an adverse inference under s 114(g) of the EA against the plaintiff in respect of the redacted information. The court can only draw an adverse inference under s 114(g) of the EA against a party if that party has suppressed material evidence — please see the Supreme Court's judgment delivered by Mohd Azmi SCJ in *Munusamy v Public Prosecutor* [1987] 1 MLJ 492 at p 494, as follows:

It is essential to appreciate the scope of s 114(g) lest it be carried too far outside its limit. Adverse inference under that illustration can only be drawn if there is withholding or suppression of evidence and not merely on account of failure to obtain evidence. It may be drawn from withholding not just any document, but material document by a party in his possession, or for non-production of not just any witness but an important and material witness to the case. (Emphasis added.)

N. CAN THE DEFENDANT RELY ON S 40(1)(F) OF THE TMA?

[50] The defendant had referred to s 40(1)(f) of the TMA as a ground to oppose this OS. With respect, I am not able to accept this submission. This is because paras (a)–(f) in s 40(1) of the TMA only provide for defences in an action for an infringement of a registered trademark. This OS is not a trademark infringement suit wherein the defendant can rely on s 40(1)(f) of the TMA.

O. DOES COURT HAVE A DISCRETION NOT TO EXPUNGE THE DEFENDANT'S REGISTERED TRADEMARK?

[51] Mr Soh cited the High Court's decision in *Yong Sze Fan* and submitted that in the event the plaintiff has succeeded to prove any one or more of the

three exceptions, nonetheless this court has a discretion under s 45(1)(a) of the TMA not to expunge the defendant's registered trademark from the register. Regrettably, I am not able to accept his contention in view of the Federal Court's decision in *Ho Tack Sien* at para 25. I have held as follows in *Tokai Corporation* at para 71:

> 71. I must add that if the plaintiff has proven on a balance of probabilities that the Registered trademark had been entered in the Register 'without sufficient cause' or the Registered trademark had wrongfully remained in the Register (but the plaintiff had in fact failed to do so in This OS), *the Federal Court has clearly decided in Ho Tack Sien, at paragraph 25, that once the ground for the expungement of a registered trademark has been made out, the Court has no discretion but to remove the trademark from the Register in accordance with s 45(1)(a) of the TMA. Despite the use of the permissive term 'may' in s 45(1)(a) of the TMA, as a matter of stare decisis, I am bound by the Federal Court's judgment in Ho Tack Sien. In light of Ho Tack Sien, earlier High Court decisions in Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504, at p 531, *and Industria De Diseno Textil, SA v Edition Concept Sdn Bhd* [2005] 3 MLJ 347; [2005] 2 CLJ 357*, at pp 366–367, should be read with caution.* (Emphasis added.)

O. THE COURT'S DECISION

[52] Premised on the above evidence and reasons, this OS is allowed with the following order:

(a) the defendant's registered trademark is ordered to be expunged from the register;

(b) a copy of this sealed order shall be served on the registrar and the registrar be ordered to:

  (i) rectify the register forthwith by expunging the entire record of the defendant's registered trademark from the register (expungement); and

  (ii) publish the expungement in the *gazette*;

(c) costs of RM25,000 (costs sum) shall be paid by the defendant to the plaintiff;

(d) the defendant shall pay to the plaintiff interest on the costs sum at the rate of 5%pa from the date of the oral judgment in this case (30 June 2015) to the date of the defendant's full payment of the costs sum; and

(e) an allocatur fee of 4% shall be imposed on the costs sum.

Application allowed with costs and defendant's TM expunged from the register.

Reported by Kanesh Sundrum